About the Kentucky Historic Preservation Tax Credit and 2019 HB456

The Kentucky Historic Preservation Tax Credit is a financial incentive offering a 30% tax credit for owner-occupied residential properties, or 20% for all other properties, toward the cost of rehabilitation for any structure listed in the National Register of Historic Places or located within a National Register* district, as long as proposed work meets the federal Secretary of the Interior’s Standards for Historic Rehabilitation.

A tax credit differs from a tax deduction in that an income tax deduction lowers the amount of income subject to taxation, while a tax credit is a dollar-for-dollar reduction in income tax liability. The Kentucky Heritage Council (KHC) administers the state tax credit in partnership with the Kentucky Department of Revenue.

Sponsored by Rep. Tommy Turner of Somerset and Rep. Adam Bowling of Middlesboro, HB456 proposes to raise the annual program allocation cap to $30 million, up from $5 million

If approved, HB456 would greatly enhance the state credit, which has already generated significant economic returns to Kentucky. Since implemented in 2005, through 2018, KHC has documented:

- $517 million of private funds invested in historic buildings, leveraged through $39.7 million in credits
- 891 buildings rehabilitated
- 17,475 jobs created

In 2018, KHC received 115 applications for the state tax credit from 20 counties, with 111 of these approved pending completion of the work. These approved projects represent $106 million in proposed private investment.

The state tax credit benefits rural communities, helping fund projects that have become catalysts for additional community revitalization, such as Beecher Hotel in Somerset, Jenkins School and Elkhorn City School apartments, Guthrie Opera House, and many arts-related Paducah projects.

A strong state historic tax credit incentive:

- Makes historic rehabilitation financially feasible
- Becomes an even stronger incentive when paired with the 20% Federal Historic Rehabilitation Tax Credit, available to owners of historic income-producing properties
- Creates highly paid local jobs
- Leverages significant private investment
- Provides a consistently strong financial return on the state’s investment

Source: State Historic Tax Credits: Maximizing Preservation, Community Revitalization, and Economic Impact, a Nov. 2018 report prepared by the National Trust for Historic Preservation

Help spread the word about HB456 and its importance to Kentucky’s future!

*The National Register program is administered by the Kentucky Heritage Council in partnership with the National Park Service, an agency of the U.S. Department of the Interior, and is the nation’s official list of historic and archaeological resources deemed worthy of preservation